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In the Supreme Court

OF THE

United States

OCTOBER TERM, 1963

No. 109

WILBUR-ELLIS COMPANY, et al.,
Petitioners,

vs.

MAX K. KUTTLER,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Ninth District

RESPONDENT'S BRIEF

OSCAR A. MELLIN
CARLISLE M. MOORE
111 Sutter Street
San Francisco 4, California
Counsel for Respondent

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QUESTION PRESENTED

Petitioners purchased four second-hand patented fish-packing machines that were originally built to pack fish into one-pound cans only, and without permission from the patent owner changed the size and location of all parts necessary to convert the machines so that they would pack fish into five-ounce cans only.

The question presented is whether the conversion of the machines to enable them to accomplish a new function not obtainable by the original machines changed the identity of the original machines and constituted the making of new articles on which a new royalty is due to the patent owner.

STATEMENT OF CASE

This case involves four patented machines, designed to pack automatically small fish, such as sardines, into cans.

In the general operation of these machines, cans having one open end are delivered through a can delivery chute to a horizontally rotating can track having indentations to receive the cans in a lying-down position. An open-topped, U-shaped fish-receiving trough is positioned in alignment with the open end of each can, and sardines are placed automatically in each trough with the sardines interlaced so that half of the sardines are headed towards the cans and half are headed away. After the fish are deposited in the troughs, an open-bottomed semi-circular compressor comes down into each trough to compress the sardines into a cylinder of fish having a diameter slightly less than the cans. Plungers, in alignment with the cans and troughs, then push the cylinder of fish from the troughs into the cans. During this operation the cans are held in place by a back-up rail which engages the closed end of the cans. After filling, the cans are delivered from the machine (R. 28, Pl. Ex. 1, R. 39-44).

The invention of the patent in suit is a substantial discovery by respondent (the patentee). Machines manu-

factured in accordance with the disclosure of the patent were extensively introduced into the sardine packing industry and they replaced hand packing with considerable economic savings to the users of the machines (R. 27). The validity of the patent was not seriously contested by petitioners before the District Court, was not raised on appeal to the Circuit Court, and has not been raised here.

The four machines in question were originally built with authority of respondent and were designed and operative only to pack fish into one-pound size cans (R. 29). The can chute could handle one-pound size cans only. The can track indentations were constructed to receive only one-pound size cans. The sardine-receiving troughs and the compressors were built for use only with one-pound size cans. The plungers were built for use only with one-pound size cans. The back-up rail was positioned for use with one-pound size cans only. The machines as built were not adjustable to operate on different size cans and could not operate to fill any cans other than one-pound size cans (R. 60).

The four machines as originally built were each sold for between $8,000 and $10,000, which included a royalty to respondent (R. 59). After several years' use, the original buyer of the machines shut down operations and subsequently sold the machines for junk (R. 29).

For reasons not of record and not important here, petitioner Wilbur-Ellis Company desired machines which would pack sardines into 5-ounce size cans, and purchased the machines in question. The machines had been exposed to rain and salt air and were corroded and frozen solid to the extent that they were inoperable when purchased

by Wilbur-Ellis Company for $1,250.00 each. Wilbur-Ellis Company then employed petitioner Alfred Leuschner to make the machines operable and to convert them to handle 5-ounce size cans which he did at a cost of $1,600.00 each (R. 29, 30).

Although the machines as built contained a large number of elements, only a relatively small number of these elements were included in the claimed combination. For example, claim 1 of the patent in suit (R. 44) sets forth the patented combination as comprising: (1) the main rotating carrier table 13, (2) the arms 14 on the carrier, (3) the open-topped fish receiver 15, (4) fish delivery means 9, 10, 11, (5) compressors 19, (6) can delivery chute 26, (7) indented can track 27, and (8) plungers 28. In converting the machines, petitioners changed five out of their eight elements, i.e., all but the carrier table, arms and fish delivery means.

Specifically, petitioner Leuschner changed the machines as follows to enable the machines to then operate upon 5-ounce size cans (R. 60):

(a) The plungers 28 were machined down in size to fit into a 5-ounce size can;

(b) The fish-receiving troughs 15 were provided with new inserts to reduce the diameter to be compatible with the new and smaller-diameter plungers;

(c) The compression members 19 were likewise provided with inserts to reduce their diameters and render them compatible with the new and smaller-diameter plungers;

(d) A new can track 27 was installed in place of the old can track, the new track being provided with

smaller indentations 27′ to accommodate the different size can; and

(e) The can delivery chute 26 was narrowed to properly accommodate the diameter of the smaller 5-ounce size can.

Additionally, the back-up rail 34 (which is not an element of the claimed combination) was moved in closer to the center of rotation of the machine to compensate for the shorter length of the 5-ounce cans.

The machine as so converted by petitioners could no longer pack fish into one-pound size cans, but could only pack fish into 5-ounce size cans (R. 31).

Respondent brought suit for patent infringement and the District Court found that the conversion of the machines from a one-pound size machine to a 5-ounce size machine amounted to the making of new and different machines and therefore constituted an infringement of the patent. Specifically, the District Court found as facts (R. 31):

"19. The conversion of the four machines changed the capacity and effectiveness of the machines by converting the machines to fill five-ounce size cans only, instead of one-pound size cans only.

"20. The conversion of the machines resulted in the creation of not only new but different machines from those originally made by permission of the patentee, which new and different machines embody the novel combination claimed by the patent in suit.

"21. The conversion of the four machines by defendants to fill different size cans is clearly different from the repair or replacement by the possessor of

worn out parts to preserve the machines in the condition in which they were originally manufactured and sold by permission of the patentee.'"

The Court of Appeals agreed that the conversion of the machines constituted the making of a new entity, and affirmed for the following reasons (R. 62):

"... the work performed by the appellants on the machines was not simply 'maintenance [fol. 63] of the "use of the whole" of the patented combination through replacement (and repair) of a spent unpatented element', but was such 'a true reconstruction of the entity as to "in fact make a new article".' *Aro v. Convertible Top*, supra, 346. The record is crystal clear that appellants made no attempt simply to replace worn-out parts in order to make the machines operate as originally manufactured. They deliberately modified and changed the machines in six different particulars in order to make each machine fit Wilbur-Ellis' own specific purposes, viz., the packing of five ounce rather than one pound cans of fish. Granting that appellants had the right to repair and patch each part of the fish canning machines which they bought and paid for to make the machines last as long as possible (Cf. *Aro*, etc. 357), such right did not entitle them to use that patented combination in making over the machines into fundamentally different machines from those which Wilbur-Ellis purchased, i.e., to 'make a new article.'"

SUMMARY OF ARGUMENT

Respondent, as the inventor and owner of the patent in suit, has the right to permit others to use the invention

and the right to prevent unlicensed exploitation of his invention. Certain specific machines, constructed in accordance with the teachings of the patent, were built to pack sardines into one-pound cans. These machines were not adjustable and could do nothing but pack one-pound cans. The machines were then sold, giving rise to an implied right in the buyer to use them for their original function, and to repair them to keep them in operation. The rights obtained by the buyer were not general rights under the patent, but were rights limited to those particular machines.

Petitioners purchased four of these machines second-hand. However, they had no desire to use the machines for their original use, but instead they wished to exploit the invention through the use of machines which would pack sardines into 5-ounce cans only. Petitioners immediately upon purchase of the original machines changed the size and location of all parts necessary to convert the machines to this new use. The newly converted machines acquired a new and different value to petitioners which was never present in the original machines.

Petitioners claim that this Court in *Aro Manufacturing Co. v. Convertible Top Replacement Co., Inc.*, 365 U. S. 345 (1961), sanctions the conversion of an old machine to a new and different use. However, the situation in *Aro* is fundamentally different from the present case. In *Aro*, it was held that, as long as the original entity exists, the purchaser of a patented combination has the right to replace any unpatented part in order to restore the combination to its original use, so that the purchaser could

obtain the full beneficial use of the particular combination which he had purchased.

Aro, however, did not give the purchaser of a patented combination complete right to thereafter practice the invention free of the patent. Once the original entity, viewed as a whole, has become spent, the purchaser cannot thereafter make a second creation of the entity, as, for example, was done in *American Cotton-Tie Co. v. Simmons*, 106 U. S. 89. The present case falls within this latter area of impermissible activity.

The original entity of the one-pound can size machines was clearly destroyed by petitioners when they voluntarily made the machines incapable of operating in the manner as bought. The building of new machines having a capability that could not be accomplished by the original machines plainly amounted to a creation of new articles.

Respondent is not trying to obtain a second royalty for the continued use of old machines previously sold by him, but is instead seeking a first royalty for a new and different exploitation of his patent by petitioners.

ARGUMENT

The main question in this case is whether the conversion of a patented one-pound can size machine to a 5-ounce can size machine results in a second creation of the patented entity. The District Court and the Court of Appeals below have held that it does, and we submit that they were correct.

THE SALE OF A PATENTED MACHINE GIVES ONLY LIMITED, NOT GENERAL, RIGHTS TO PRACTICE THE INVENTION.

The basic right granted to a patentee under the patent laws is the right to exclude others from making, using or selling the invention claimed in the patent. Section 271 of Title 35, United States Code. It is well settled that it is the exclusive right of the owner of a patent monopoly to permit the use of the patent or to deliberately keep his invention out of use during the life of the patent, regardless of his motive. *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U. S. 405.

As such, the respondent in the present case had the right to prevent others from making, selling or using, without license, any fish canning machines that are covered by the claims of the patent. There is no limitation in the claims of the patent in suit to any particular size machine, and thus respondent's exclusive right extends to machines built to pack sardines into one-pound size cans, into 7-ounce size cans, or into any other size cans.

Having made a significant contribution to the industry, respondent was entitled to exploit his invention. Respondent could either exploit his invention by using the invention himself and refusing to allow others to use it, or else respondent could exploit the invention by allowing others to use the invention upon payment of a royalty.

To exploit his invention, a patent owner may part with any or all of his exclusive rights. If he wishes, he may grant a general license to another to make, use or sell machines covered by the patent. If so, the licensee then can make any machine he wants and of any size.

The patent owner may, for reasons of his own, grant a restrictive license whereby the licensee can only make certain machines covered by the patent. For example, under the present patent, respondent could grant a license to make one-pound can size machines only, and could withhold the grant of a right to make 5-ounce can size machines. Such a license would then give the licensee those rights, and those rights alone, which were given him by respondent. *Waterman v. Mackenzie*, 138 U. S. 252 (1891).

Many, many other types of limited licenses exist, but in each instance the rights acquired by the licensee are determined by considering the extent to which the patent owner has given up his initially complete right to exclude others from making, using or selling the invention. If the licensee goes beyond the rights he has acquired, he becomes an infringer. *General Talking Pictures Corp. v. Western Electric Co.*, 305 U. S. 124 (1938).

One of the commonest forms of limited licenses, and the one that is involved here, is the license that one obtains when he buys a patented machine from a patent owner. In almost all such instances nothing is said specifically between the buyer and seller as to a transfer of patent rights, but the law implies a license in favor of the buyer to use or to sell to others to use the specific machine free and clear of the patent rights of the patent owner in that machine, in order to make the contract of sale effective. This *is not a general license under the patent, but is a license limited to the specific machine bought. United States v. Univis Lens Co.*, 316 U. S. 241, 250 (1942).

Thus, in the present case, when the patent owner sold the machines in question, he did not grant a license to the purchaser to pack sardines in any manner encompassed by the patent; he only granted a license to the buyer to use the specific machines for the packing of sardines.

The buyer of a patented machine obtains the right to use the machine for its intended purpose and may continue to use the machine until it is worn out. In addition, he may repair the machine to maintain it in operating condition. *Chaffee v. Boston Belting Co.*, 22 How. (63 U.S.) 217 (1859).

THE ARO CASE HAS SETTLED THE QUESTION OF THE RIGHT OF THE OWNER OF A PATENTED COMBINATION TO REPAIR THE COMBINATION.

In *Aro Manufacturing Co., Inc., v. Convertible Top Replacement Co., Inc.*, 365 U. S. 336 (1961), the question of the extent of the right of a purchaser of a patented combination to repair that combination came before this Court. In brief, that case establishes that the maintenance of the use of the whole of the patented combination through replacement of a spent, unpatented element does not constitute impermissible reconstruction, and that the owner may replace individual unpatented parts, one at a time, whether of the same part repeatedly, or of different parts successively, until the original entity, viewed as a whole, has become spent.

The philosophy of the *Aro* case is probably best summed up by the remarks of Justice Black in his concurring opinion, at 365 U. S. 360:

". . . One royalty to the patentee for one sale is enough under our patent law as written. . . ."

THE ARO CASE DOES NOT PERMIT THE OWNER OF A PATENTED COMBINATION TO RECONSTRUCT THE COMBINATION SO AS TO MAKE A "NEW ARTICLE".

This Court in the *Aro* case specifically limited the right of an owner of a patented combination to do anything at all that he wishes with the entity that he originally acquired, as follows at 365 U. S. 346:

> "The decisions of this Court require the conclusion that reconstruction of a patented entity, comprised of unpatented elements, is limited to such a true reconstruction of the entity as to 'in fact make a new article,' United States v. Aluminum Co. of America, supra, 148 F.2d at page 425, after the entity, viewed as a whole, has become spent. In order to call the monopoly, conferred by the patent grant, into play of the patented entity, as, for example, in American for a second time, it must, indeed, be a second creation Cotton Tie Co. v. Simmons, supra. . . ."

The basis for this limitation is found in the remarks by this Court in discussing its earlier decision in *Wilson v. Simpson*, 9 How. 109, at 365 U. S. 342:

> ". . . replacement of that worn-out essential part is permissible restoration of the machine *to the original use for which it was bought*. 9 How. at page 123. The Court explained that it is 'the use of the whole' of the combination which a purchaser buys, and that repair or replacement of the worn-out, damaged or destroyed part is but an exercise of the right 'to give duration to that which he owns, or has a right to use as a whole.' Ibid.

"The distilled essence of the Wilson case was stated by Judge Learned Hand in United States v. Aluminum Co. of America, 2 Cir., 148 F. 2d 416, 425: 'The [patent] monopolist cannot prevent those to whom he sells from * * * reconditioning articles worn by use, unless they in fact make a new article.' . . .". (Emphasis added.)

We submit that the *Aro* case stands for the following proposition. If the entity of the original machine still exists, and if unpatented parts of a patented machine are replaced to restore the machine to the original use for which it was bought, then there has been permissible repair. If, instead, the machine is changed from the original use for which it is bought to a new use, then the original entity has become lost and impermissibly reconstructed into a new article.

This leads to the main question here. Are the converted machines in issue a permissible restoration of the machines to their original use, as contended by petitioners, or are they new articles as found by the courts below?

THE COURTS BELOW PROPERLY FOUND THAT THE CONVERTED MACHINES WERE NEW ARTICLES.

What were the original patented entities that were sold by the patent owner to the original purchaser? They were four specific one-pound can size machines. What was the original use for which they were bought? It was not to pack sardines in any size cans, because the machines simply could not do so. The original use for which the machines were bought was to pack sardines into one-pound

size cans. That is all that the machines could do. They were not adjustable and there could be no implication that the machines as built could perform any other function.

The petitioners eventually bought these machines. They could have restored the machines to this original use, but they had no desire to do so. Instead, they bought these machines to salvage what they could in order to build 5-ounce can size machines. The machines as converted could do nothing but operate on 5-ounce size cans.

In so doing, the petitioners decided that the utility of the original machines had come to an end and voluntarily destroyed the capability of the machines to perform their original function. The original entities of the one-pound can size machines thus disappeared. This can best be demonstrated by asking where the original one-pound can size machines are now? The only answer can be that they no longer exist. The original machines had a single overall function that cannot be performed by the new machines. Contrarily, the new machines have a single function that could not have been performed by the original machines. If petitioners now wanted to pack sardines into one-pound size cans, they simply could not do it with these new machines.

It is true that the general function of the two machines is the same, i.e., to pack sardines into cans, but the specific and only functions of the machines are different. If we have two one-pound can size machines, they would be duplicates of one another, each usable in place of the other if desired. On the other hand, if we have two machines, one for packing one-pound size cans and the other for

packing 5-ounce size cans, they cannot be substituted for one another, and plainly are not duplicates of each other.

The same would be true if we consider a 1-inch and a 5/16-inch drill. Both are drills, and both are designed to drill holes, but each has a specific function. If the user wants to make a 1-inch hole, he simply cannot do the job with a 5/16-inch drill, nor can he make a 5/16-inch hole with a 1-inch drill. The two drills are distinctly different drills made to perform different jobs.

The present case is parallel to and should be governed by the doctrine of *American Cotton Tie Co. v. Simmons*, 106 U. S. 89 (1882). In that case, infringement was found by one who bought up, as scrap metal, patented metal straps, used in tying cotton bales, after the straps had been used and severed (in unbinding the bales), and who then riveted the straps at the severed point, combined them with the original buckles, and resold them for further use in baling cotton. In deciding this case, this Court pointed out:

> ". . . What the defendants did in piecing together the pieces of the old band was not a repair of the band or the tie, in any proper sense. The band was voluntarily severed by the consumer at the cotton-mill because the tie had performed its function of confining the bale of cotton in its transit from the plantation or the press to the mill. Its capacity for use as a tie was voluntarily destroyed. As it left the bale it could not be used again as a tie. As a tie the defendants reconstructed it, although they used the old buckle without repairing that. . . ."

Paraphrasing that language to fit the present facts, what the petitioners did here in converting parts of the

old machine was not a repair of the old machine in any proper sense. The old machine was voluntarily destroyed by the petitioners because the old machine had performed its function as a one-pound can size machine. Its capacity for use as a one-pound can size machine was voluntarily destroyed. After it was converted, it could not be used again as a one-pound can size machine. As a machine the petitioners reconstructed it, although they used some old parts of the machine without repairing them.

In the *Cotton-Tie* case it was held that a new article was created. Just as surely, new articles have been created in the present case. Indeed, in *Cotton-Tie* the new aticles were usable for the same particular function as the original articles, whereas here the new articles have no such capability.

In discussing *Cotton-Tie* in *Aro*, this Court stated that the ties were marked "Licensed to use once only". It is submitted that this fact should not distinguish the present situation from *Cotton-Tie*, and that it was not incumbent upon respondent to make an express limitation in the sale of the one-pound can size machines that they could not be converted to 5-ounce can size machines. Originally respondent had the right to exclude the use by others of *all* fish packing machines covered by the patent, and thus had the right to exclude others from using either a one-pound or a 5-ounce can size machine. A license implied by the sale of a one-pound machine waived respondent's right to exclude others from the use of that particular one-pound can size machine. However, respondent still retained his right to exclude others from making any more one-pound can size machines and retained his

right to exclude others from making any 5-ounce can size machines. An agreement by the buyer of the specific machine not to violate the rights retained by the patent owner would be meaningless, since the buyer would give up nothing which he had acquired.

The decision of the Court of Appeals below, that infringement exists because the conversion of the machine resulted in the creation of new articles, does not conflict in principle with any decision of this Court. It does not conflict with *Wilson v. Simpson*, 9 How. 109, because the presently converted machines were not restored to the original use for which they were bought, as was the situation in *Wilson*. For the same reason, it does not conflict with *Aro* wherein the combination convertible top was used on the same car before and after replacement of the canvas top. Rather, the decision below is in accordance with *Cotton-Tie* because a new article has been made.

The decision below is also in full accord with previous decisions in other circuits. Indeed, the facts here are almost exactly the same as in *George Close Co. v. Ideal Wrapping Mach. Co.*, 29 F.2d 533 (C. C. A. 1, 1938) which affirmed *Ideal Wrapping Mach. Co. v. George Close Co.*, 23 F.2d 848 (D.C. Mass., 1928). In that case the licensee of the patent in suit, had built certain machines designed to wrap caramel candies of a specific size (one inch squares, one-fourth to five-eighths of an inch thick). The defendant obtained several machines from the licensee and several second-hand machines from the first purchasers thereof. The defendant then asked the licensee for permission to convert the size of the machines, but was re-

fused. Thereupon, defendant converted the machines so that they would wrap an entirely different size caramel (one and one-fourth inches long, one inch wide and one-fourth to three-fourths inch thick). The conversion of the machines involved the substitution of a cutting wheel with 18 knives instead of 24. The step-by-step mechanism, the pockets in the wrapping device and other essential parts of the machine had either to be built over, or new and different parts substituted for the parts in the machine as purchased. It was held that this conversion destroyed the identity of the original machines and created a new or different machine in violation of the patent owner's rights.

The cases decided by the Court of Appeals involving the conversion of patened machines to new functions (as contrasted to restoration of machines to their original function) are few in number, including besides *Close* the following: *Miller Hatcheries, Inc. v. Buckeye Incubator Co.*, 41 F.2d 619 (C.C.A. 8, 1930), and *Cinema Patents Co., Inc. v. Columbia Pictures Corp.*, 62 F.2d 310 (C. C. A. 9, 1932). In each instance, the Courts of Appeals for the First, Eighth and Ninth Circuits have held uniformly that the conversion of a patented machine from its original to a new function constitutes an impermissible reconstruction. No Court of Appeals decisions to the contrary have been found.

Petitioners summarily and incorrectly dismiss *George Close Co. v. Ideal Wrapping Machine Co.*, *Miller Hatcheries, Inc. v. Buckeye Incubator Co.*, and *Cinema Patents Co., Inc. v. Columbia Pictures Corp.*, all supra, on the ground that they are in conflict with the later decisions

of this Court in the *Mercoid* cases (*Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U. S. 661 (1944), and *Mercoid Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U. S. 680 (1944)), and *Aro*. The *Mercoid* cases, in essence, hold that there is no legally protected "gist" or "heart" of the invention in a patented combination. None of the *Close, Miller Hatcheries* or *Cinema Patents* cases says that there is, but instead their decisions are each based upon a conclusion that the involved machines, as converted, amounted to a new creation of the total combination claimed in the patents at suit. For the same reasons as stated above in connection with the present case, *Close, Miller Hatcheries* and *Cinema Patents* do not conflict with *Aro* because they did not involve the repair of machines to the original use for which they were bought. Instead, they involved the destruction of the original identities of the machines and the making of new articles, using those parts of the old machines that they could to make the new machines.

THE FACT THAT THE CLAIMS IN THE PATENT IN SUIT ARE NOT LIMITED TO SPECIFIC SIZE MACHINES IS UNIMPORTANT TO THE QUESTION OF WHETHER A NEW ARTICLE HAS BEEN CREATED.

Petitioners correctly assert that the claims of the patent in suit do not recite the size of the can which should be filled by machines constructed in accordance with the patent. From this, petitioners then conclude that size is unimportant and that therefore a one-pound can size machine has the same identity as a 5-ounce can size

machine. This conclusion is a *non sequitur*, resulting from a confusion between the scope of the claims of the patent and the scope of the license implied by the sale of a specific machine.

The claims are not limited as to can size, and thus include within their scope machines as claimed, whether such machines operate upon one-pound cans or 5-ounce cans. On the other hand, a specific machine that is built has a particular identity of its own. A one-pound can size machine has its own identity as a machine capable of doing a particular job. A 5-ounce can size machine has a separate identity as a machine capable of doing its specific job. The two specific jobs are different, and the identity of the machines is different, although each operates in the general manner of the machine described and claimed in the patent.

Carrying petitioners' argument to its logical conclusion, the patent should have one claim for one-pound cans, one claim for 5-ounce cans, and a separate claim for each and every other size of can for which the invention has utility. Such a requirement does not exist under the patent laws.

AN AFFIRMANCE OF THE DECISION BELOW WILL NOT CONFLICT WITH BUT RATHER WILL COMPLEMENT THE RULE OF THE ARO CASE.

In *Aro* it is well settled that the purchaser of a patented combination can replace any unpatented part to restore the combination to *its original use* for which it was bought, as long as the entity, viewed as a whole, has not become spent.

As a complement, it should be held that the conversion of a patented combination to *a new and different* use than that for which it was bought results in the loss of the original entity and the impermissible creation of a new article.

The test for impermissible conversion is plain, practical and easy to apply. If the converted machine cannot accomplish the use of the original machine and the original machine cannot accomplish the purpose of the converted machine, then obviously there are two different machines, the original machine and the newly created machine.

Petitioners suggest that impermissible conversion can only exist if all parts of the patented combination are rebuilt to convert the machines to their new purpose. Such a requirement is unrealistic. The conversion of a patented combination to a new use may require that all of the parts be changed, or that just some be changed. In the present instance, petitioners changed all of the parts necessary to effect the conversion—more than half of the elements of the patented combination were altered. In other cases a lesser or greater number of parts might have to be changed. The question should not depend on a purely arbitrary arithmetical calculation of number of parts changed. Instead, the more fundamental question should be asked—do the changes that have been made result in a new article having an identity different from that of the original?

Further, petitioners' test finds no support in *Cotton-Tie*, wherein it was held that a new article had been created even though the old buckle was used without repair thereof.

Intertwined with petitioners' argument acquiring all of the parts of the combination to be changed is a contention that the court below erred in believing there to be a legally protectable "gist"or "heart" of the invention upon which the Court of Appeals conferred a monopoly. This contention is without merit. The court below made no reference to a "gist" or "heart" of the invention, and did not hold that the change of six of the parts of the machines per se constituted an infringement. What the Court of Appeals did was to consider the original machines and the converted machine and to conclude that the activities of petitioners amounted to the creation of new articles. This is plain from the following remarks of the Court (R. 62):

> ". . . The record is crystal clear that appellants made no attempt simply to replace wornout parts in order to make the machines operate as originally manufactured. They deliberately modified and changed the machines in six different particulars in order to make each machine fit Wilbur-Ellis' own specific purposes, viz., the packing of five ounce rather than one pound cans of fish. Granting that appellants had the right to repair and patch each part of the fish canning machines which they bought and paid for to make the machines last as long as possible (Cf. *Aro, etc.* 357), such right did not entitle them to use that patented combination in making over the machines into fundamentally different machines from those which Wilbur-Ellis purchased, i.e., to 'make a new article.' "

It is further evident that the court below was not granting patent protection to the six changed unpatented parts, but rather was extending protection only to the total combination set forth in the claims, as stated (R. 63):

"Here the appellants did not simply repair Kuther's patented machines, they reconstructed, rebuilt and modified each to suit Wilbur-Ellis' desires. In so doing, they embodied therein Kuther's patented combination, thus clearly infringing upon Kuther's patent monopoly."

RESPONDENT IS NOT TRYING TO COLLECT TWO ROYALTIES FOR THE SALE OF A SINGLE MACHINE.

Originally, respondent could have made and sold two different machines, a one-pound can size machine and a 5-ounce can size machine. If he had sold both machines to someone who wished to obtain the particular economic advantages of each machine, respondent would have been entitled to two royalties, and the purchaser could have made as much or as little use of the machines as he wanted.

In the present case respondent only made one-pound can size machines which were bought for a price including a royalty. The purchaser thereby obtained the right to use those machines until their use as a whole came to an end. Petitioners then obtained these machines and voluntarily chose to destroy as a whole the use for which they were built and purchased.

Instead, petitioners now have four 5-ounce can size machines—machines which were never sold by respondent and for which respondent has never collected any royalty.

Obviously, the petitioners expected to obtain economic benefits from the 5-ounce can size machines that could not be realized from the old machine, otherwise they never

would have gone to the expense of the conversion. This additional value as a 5-ounce can size machine was not present in the machines and was never bargained for by the original parties when the original machines were bought.

Plainly, if petitioners had built a 5-ounce can size machine from scratch, using all new parts, this would violate respondent's patent rights, and respondent would be entitled to a royalty. This would be true whether respondents owned a one-pound can size machine or not.

What difference can it make if petitioners desire to make a new 5-ounce can size machine and instead of building a new machine from the ground up, they do so by obtaining an old one-pound can size machine which is of no further value to them as a one-pound can size machine in order to salvage what parts they can to build the new machine? There can be no difference. Otherwise, it would make as much sense to say that the purchaser of a one-pound can size machine, by virtue of the purchase, also acquires the right to build a completely separate and distinct 5-ounce can size machine as long as he does not use both machines at the same time.

Instead of being content with the use of the machines as built, petitioners are seeking to exploit respondent's invention in a way that was not possible with the original machines. It is for this additional exploitation by new machines that respondent seeks the royalties due him.

CONCLUSION

For the reasons stated, the decision below should be affirmed.

Dated, San Francisco, California,
October 7, 1963.

Respectfully submitted,

OSCAR A. MELLIN,

CARLISLE M. MOORE,

Counsel for Respondent.